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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
| 10/718,041 | 11/18/2003 | James E. Malackowski | OTOM.016A | 7155 |
| 20995 | 7590 | 05/12/2008 | EXAMINER | |
| KNOBBE MARIENTS OLSON & BEAR LLP | | | OYEBISI, OJO O | |
| 2040 MAIN STREET | | | ART UNIT | PAPER NUMBER |
| FOURTEENTH FLOOR | | | | 3696 |
| IRVINE, CA 92614 | | | | |
| NOTIFICATION DATE | | DELIVERY MODE | | |
| 05/12/2008 | | ELECTRONIC | | |

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

jcartee@kmob.com
eOAPilot@kmob.com

| | | |
|------------------------------|--------------------------------------|---|
| Office Action Summary | Application No. 10/718,041 | Applicant(s) MALACKOWSKI ET AL. |
| | Examiner OJO O. OYEBISI | Art Unit 3696 |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 1 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED. (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 07/03/06.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-42 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) _____ is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) 1-42 are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)
 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
 3) Information Disclosure Statement(s) (PTO/SSE/08)
 Paper No(s)/Mail Date _____

4) Interview Summary (PTO-413)
 Paper No(s)/Mail Date _____

5) Notice of Informal Patent Application
 6) Other: _____

DETAILED ACTION

Election/Restrictions

1. Restriction to one of the following inventions is required under 35 U.S.C. 121:
 - I. Claims 1-24, drawn to a method of utilizing an intellectual property grouping owned by a patent entity to generate income, comprising acquiring rights in a first intellectual property asset from a seller on behalf of a patent investment entity; providing compensation to the seller in exchange for the first intellectual property asset; granting less than all of the rights in the first intellectual property asset to the seller of the intellectual property asset in exchange for a stream of payments, wherein granting less than all of the rights in the first intellectual property asset creates residual rights in the first intellectual property asset; and utilizing the residual rights in the first intellectual property asset to generate income for the patent investment entity., classified in class 705, subclass 30.
 - II. Claims 25-42, drawn to a method of structuring a transaction to acquire an intellectual property asset including an intellectual property right, comprising acquiring a first portion of the intellectual property right from a seller in exchange for the fair market value of the first portion; acquiring a second portion of the intellectual property right from a seller in exchange for an equity interest in a patent investment entity; leasing the first portion of the intellectual property right to the seller for a predefined lease term;

and utilizing the second portion of the intellectual property right as a source of income for the patent investment entity, classified in class 705, subclass 59.

2. The inventions are distinct, each from the other because of the following reasons:

- Inventions I and II are related as sub combinations disclosed as usable

together in a single combination. The sub combinations are distinct from each other if they are shown to be separately usable. In the instant case, invention I

relates to a method of utilizing an intellectual property grouping owned by a

patent entity to generate income, comprising: providing compensation to the

seller in exchange for the first intellectual property asset, utilizing the residual

rights in the first intellectual property asset to generate income for the patent

investment entity, and further includes distributing the generated income based

upon the interests in the patent investment entity, whereas invention II has a

different utility and scope of acquiring a second portion of the intellectual property

right from a seller in exchange for an equity interest in a patent investment entity,

utilizing the second portion of the intellectual property right as a source of income

for the patent investment entity, and further includes identifying potential

infringers of the IP asset. Hence inventions I and II have recognized divergent

subject matter, and the search required for Group I is not required for Group II.

3. Since these inventions are distinct for the reasons given above and have acquired a separate status in the art because of their recognized divergent

subject matter, restriction for examination purposes as indicated is proper.

4. Applicants are advised that reply to this requirement to be complete must include an election of the invention to be examined even though the requirement be traversed (37 CFR 1.143).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to OJO O. OYEBISI whose telephone number is (571)272-8298. The examiner can normally be reached on 8:30A.M-5:30P.M. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon can be reached on (571)272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

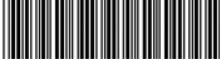
/Ella Colbert/

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Primary Examiner, Art Unit 3696

O.O

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|---|-----------------------------------|--|
| Application Number  | Application/Control No. | Applicant(s)/Patent under Reexamination |
| | 10/718,041 | MALACKOWSKI ET AL. |
| | Examiner OJO O. OYEBISI | Art Unit 3696 |